

Message Text

UNCLASSIFIED

PAGE 01 OTTAWA 01396 082253Z

ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-15 AID-05 EB-08 NSC-05
TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00
FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06 LAB-04 SIL-01
PA-02 PRS-01 /095 W

-----082303Z 077791 /70

P 082245Z MAR 77

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 2714

INFO AMCONSUL MONTREAL

ALL OTHER CONSULATES IN CANADA (BY POUCH)

UNCLAS OTTAWA 01396

E.O. 11652: N/A

TAGS: EFIN, ECON, CA

SUBJECT: NEW BUDGET DUE MARCH 31

1. FINMIN MACDONALD ANNOUNCED IN PARLIAMENT ON MARCH 7 THAT HE WOULD BRING DOWN BUDGET MESSAGE ON MARCH 31.
2. MACDONALD LATER TOLD REPORTERS THAT BUDGET WOULD STIMULATE ECONOMY BUT HE REFUSED TO GIVE SPECIFICS ON WHETHER OR NOT HE WOULD PROPOSE TO CUT PERSONAL INCOME TAXES. HOWEVER, HE NOTED THAT THERE IS PROBLEM IN ATTEMPTING STIMULATE ECONOMY WITHOUT REFUELING INFLATION.
3. MACDONALD ALSO REPORTEDLY SAID THAT BUDGET MESSAGE WOULD CONTAIN REFERENCE TO "FORWARD PLANNING FOR THE ANTI-INFLATION PROGRAM" BUT AGAIN REFUSED TO GIVE DETAILS AS TO TIMING OF DECONTROLS.
4. IMMEDIATE REACTION OF FORMER PM DIEFENBAKER WAS TO QUESTION MACDONALD ON WHETHER TIMING OF BUDGET INDICATED POSSIBILITY OF GENERAL ELECTION BEING CALLED BEFORE INTRODUCTION OF NEW LEGISLATION TO ADD 20 SEATS TO HOUSE.

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MACDONALD'S REPLY: "I DIDN'T KNOW I WAS THAT SMART."

5. NDP LEADER BROADBENT TOLD REPORTERS BUDGET MESSAGE WAS ALREADY "TOO LATE" SINCE JOB-CREATING BUDGET SHOULD HAVE BEEN INTRODUCED RIGHT AFTER CHRISTMAS.
6. COMMENT: MACDONALD'S ANNOUNCEMENT OF MARCH 31 BUDGET

COINCIDES WITH RELEASE OF STUDY BY ECONOMIST JUDITH
MAXWELL OF C. D. HOWE INSTITUTE WHICH CALLS FOR END OF
CONTROLS THIS YEAR, REDUCTION OF PROVINCIAL RETAIL SALES
TAX, AND FURTHER TAX CONCESSIONS TO BUSINESS. "IT IS
TIME TO MAKE CHANGES IN THE ECONOMY," SHE SAYS.

7. AS MACDONALD POINTED OUT TO REPORTERS, GOC MUST
BALANCE NEED TO STIMULATE ECONOMY WITH CONCERN OVER
REKINDLING INFLATION. THUS, HIS UPCOMING BUDGET PROPOSALS
TO STIMULATE WILL PROBABLY BE MODEST AND DIRECTED MAINLY
TOWARD JOB CREATION. ENDERS

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Message Attributes

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Copy: SINGLE
Sent Date: 08-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Review Release Date: n/a
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